SIKKIM

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GOVERNMENT OF SIKKIM
LAW & PARLIAMENTARY AFFAIRS DEPARTMENT
GANGTOK

No. 11(656)L&PAD/2021/36 **Dated: 23/01/2026**

NOTIFICATION

The following Act passed by the Sikkim Legislative Assembly and having received the assent of the Governor on the 17th day of December, 2025 is hereby published for general information:-

THE SIKKIM GOODS AND SERVICES TAX (AMENDMENT) ACT, 2025

(ACT NO. 18 OF 2025)

AN

ACT

further to amend the Sikkim Goods and Services Tax Act, 2017.

Be it enacted by the Legislature of Sikkim in the Seventy-sixth Year of the Republic of India, as follows:-

Short title, extent and commencement.

1. (1) This Act may be called the Sikkim Goods and Services Tax (Amendment) Act, 2025.

(2) It shall come into force on such date as the State Government may, by notification in the Official Gazette, appoint:

Provided that different dates may be appointed for different provisions of this Act and any reference in any such provision to the commencement of this Act shall be construed as a reference to the coming into force of that provision.

Amendment of section 2.

2. In section 2 of the Sikkim Goods and Services Tax Act, 2017 (hereinafter referred to as the "Principal Act"), for clause (61), the following clause shall be substituted, namely:-

"(61) "Input Service Distributor" means an office of the supplier of goods or services or both which receives tax invoices towards the receipt of input services, including invoices in

respect of services liable to tax under sub-section (3) or sub-section (4) of section 9, for or on behalf of distinct persons referred to in section 25, and liable to distribute the input tax credit in respect of such invoices in the manner provided in section 20;".

Amendment of section 9.

3. In section 9 of the Principal Act in sub-section (1), after the words "alcoholic liquor for human consumption", the words "and un-denatured extra neutral alcohol or rectified spirit used for manufacture of alcoholic liquor, for human consumption" shall be inserted.

Amendment of section 10.

4. In section 10 of the Principal Act, in sub-section (*5*), after the words and figures "section 73 or section 74", the words, figures and letter "or section 74A" shall be inserted.

Insertion of new section 11A.

5. After section 11 of the Principal Act, the following section shall be inserted, namely:–

"11A. Power not to recover Goods and Services Tax not levied or short levied as a result of general practice,-

"Notwithstanding anything contained in this Act, if the Government is satisfied that—

(a) a practice was, or is, generally prevalent regarding levy of State tax (including non-levy thereof) on any supply of goods or services or both; and

(b) such supplies were, or are, liable to,—

(i) State tax, in cases where according to the said practice, State tax was not, or is not being, levied, or

(ii) a higher amount of state tax than what was, or is being, levied, in accordance with the said practice, the Government may, on the recommendation of the Council, by notification in the Official Gazette, direct that the whole of the State tax payable on such supplies, or, as the case may be, the State tax in excess of that payable on such supplies, but for the said practice, shall not be required to be paid in respect of the supplies on which the State tax was not, or is not being levied, or was, or is being, short-levied, in accordance with the said practice."

Amendment of section 13.

6. In section 13 of the Principal Act, in sub-section (*3*),–

(a) in clause (*b*), for the words "by the supplier:", the words "by the supplier, in cases where in voice is required to be issued by the supplier; or" shall be substituted;

(b) after clause (*b*), the following clause shall be inserted, namely:—

"(*c*) the date of issue of invoice by the recipient, in cases where invoice is to be issued by the recipient:";

(c) in the first proviso, after the words, brackets and letter "or clause (*b*)", the words, brackets and letter "or clause (*c*)" shall be inserted.

Amendment of section 16.

7. In section 16 of the Principal Act, with effect from the 1st day of July, 2017, after sub-section (*4*), the following sub-sections shall be inserted, namely:–

"(*5*) Notwithstanding anything contained in sub-section (*4*), in respect of an invoice or debit note for supply of goods or services or both pertaining to the Financial Years 2017-18, 2018-19, 2019-20 and 2020-21, the registered person shall be entitled to take input tax credit in any return under section 39 which is filed up to the 30th day of November, 2021.

(*6*) Where registration of a registered person is cancelled under section 29 and subsequently the cancellation of registration is revoked by any order, either under section 30 or pursuant to any order made by the Appellate Authority or the Appellate Tribunal or Court and where availment of input tax credit in respect of an invoice or debit note was not restricted under sub-section (*4*) on the date of order of cancellation of registration, the said person shall be entitled to take the input tax credit in respect of such invoice or debit note for supply of goods or services or both, in a return under section 39,—

(i) filed up to 30th day of November following the financial year to which such invoice or debit note pertains or furnishing of the relevant annual return, whichever is earlier; or

(ii) for the period from the date of cancellation of registration or the effective date of cancellation of registration, as the case may be, till the date of order of revocation of cancellation of registration, where such return is filed within 30 (thirty) days from the date of order of revocation of cancellation of registration, whichever is later."

Amendment of section 17.

8. In section 17 of the Principal Act, in sub-section (*5*), in clause (*i*), for the word and figures "sections 74, 129 and 130", the words and figures "section 74 in respect of any period up to Financial Year 2023-24" shall be substituted.

Substitution of section 20.

9. For section 20 of the Principal Act, the following section shall be substituted, namely:-

"20.(1) Any office of the supplier of goods or services or both which receives tax invoices toward the receipt of input services, including invoices in respect of services liable to tax under sub-section (3) or sub-section (4) of section 9, for or on behalf of distinct persons referred to in section 25, shall be required to be

registered as Input Service Distributor under clause (viii) of section 24 and shall distribute the input tax credit in respect of such invoices.

(2) The Input Service Distributor shall distribute the credit of State tax or integrated tax charged on invoices received by him, including the credit of State or integrated tax in respect of services subject to levy of tax under sub-section (3) or sub-section (4) of section 9 paid by a distinct person registered in the same State as the said Input Service Distributor, in such manner, within such time and subject to such restrictions and conditions as may be prescribed.

(3) The credit of State tax shall be distributed as State tax or integrated tax and integrated tax as integrated tax or State tax, by way of issue of a document containing the amount of input tax credit in such manner as may be prescribed."

Amendment of section 21.

10. In section 21 of the Principal Act, after the words and figures "section 73 or section 74", the words, figures and letter "or section 74A" shall be inserted.

Amendment of section 30.

11. In section 30 of the Principal Act, in sub-section (*2*), after the proviso, the following proviso shall be inserted, namely:–

"Provided further that such revocation of cancellation of registration shall be subject to such conditions and restrictions, as may be prescribed."

Amendment of section 31.

12. In section 31 of the Principal Act, in sub-section (*3*),–

(i) in clause (*f*), after the words and figure "of section 9 shall", the words, "within the period as may be prescribed," shall be inserted;

(ii) after clause (*g*), the following Explanation shall be inserted, namely:–

"***Explanation.***—For the purposes of clause (*f*), the expression "supplier who is not registered" shall include the supplier who is registered solely for the purpose of deduction of tax under section 51."

Amendment of section 35.

13. In section 35 of the Principal Act, in sub-section (*6*), after the words and figures "section 73 or section 74", the words, figures and letter "or section 74A" shall be inserted.

Amendment of section 39.

14. In section 39 of the Principal Act, for sub-section (*3*), the following sub-section shall be substituted, namely:–

"(*3*) Every registered person required to deduct tax at source under section 51 shall electronically furnish a return for every calendar month of the deductions made during the month in such form and manner and within such time as may be prescribed:

Provided that the said registered person shall furnish a return for every calendar month whether or not any deductions have been made during the said month."

Amendment of section 49.

15. In section 49 of the Principal Act, in sub-section (*8*), in clause (*c*), after the words and figures "section 73 or section 74", the words, figures and letter" or section74A" shall be inserted.

Amendment of section 50.

16. In section 50 of the Principal Act, in sub-section (1), in the proviso, after the words and figures "section 73 or section 74", the words, figures and letter "or section 74A" shall be inserted.

Amendment of section 51.

17. In section 51 of the Principal Act, in sub-section (*7*), after the words and figures "section 73 or section 74", the words, figures and letter "or section 74A" shall be inserted.

Amendment of section 54.

18. In section 54 of the Principal Act,–

(a) in sub-section (*3*), the second proviso shall be omitted;

(b) after sub-section (*14*) and before the *Explanation*, the following sub-section shall be inserted, namely:–

"(*15*) Notwithstanding anything contained in this section, no refund of un-utilised input tax credit on account of zero rated supply of goods or of integrated tax paid on account of zero rated supply of goods shall be allowed where such zero rated supply of goods is subjected to export duty."

Amendment of section 61.

19. In section 61 of the Principal Act, in sub-section (*3*), after the words and figures "section 73 or section 74", the words, figures and letter "or section 74A" shall be inserted.

Amendment of section 62.

20. In section 62 of the Principal Act, in sub-section (*1*), after the words and figures "section 73 or section 74", the words, figures and letter "or section 74A" shall be inserted.

Amendment of section 63.

21. In section 63 of the Principal Act, after the words and figures "section 73 or section 74", the words, figures and letter "or section 74A" shall be inserted.

Amendment of section 64.

22. In section 64 of the Principal Act, in sub-section (*2*), after the words and figures "section 73 or section 74", the words, figures and letter" or section 74A" shall be inserted.

Amendment of section 65.

23. In section 65 of the Principal Act, in sub-section (*7*), after the words and figures "section 73 or section 74", the words, figures and letter "or section 74A" shall be inserted.

Amendment of section 66.

24. In section 66 of the Principal Act, in sub-section (*6*), after the words and figures "section 73 or section 74", the words, figures and letter "or section 74A" shall be inserted.

Amendment of section 70.

25. In section 70 of the Principal Act, after sub-section (1), the following sub-section shall be inserted, namely: –

"(1A) All persons summoned under sub-section (1) shall be bound to attend, either in person or by an authorized representative, as such officer may direct, and the person so appearing shall state the truth during examination or make statements or produce such documents and other things as may be required."

Amendment of section 73.

26. In section 73 of the Principal Act,–

(i) in the marginal heading, after the words "Determination of tax", the words and figures, "pertaining to the period up to Financial Year 2023-24," shall be inserted;

(ii) after sub-section (11), the following sub-section shall be inserted, namely:–

"(12) The provisions of this section shall be applicable for determination of tax pertaining to the period up to Financial Year 2023-24."

Amendment of section 74.

27. In section 74 of the Principal Act,

(i) in the marginal heading, after the words "Determination of tax", the words and figures, " pertaining to the period up to Financial Year 2023-24," shall be inserted;

(ii) after sub-section (11) and before *Explanation* 1, the following sub-section shall be inserted, namely:–

"(12) The provisions of this section shall be applicable for determination of tax pertaining to the period up to Financial Year 2023-24."

(iii) The ***Explanation 2*** shall be omitted.

Insertion of new section 74A.

28. After section 74 of the Principal Act, the following section shall be inserted, namely:–

"74A. Determination of tax not paid or short paid or erroneously refunded or input tax credit wrongly availed or utilized for any reason pertaining to Financial Year 2024-25 onward.

(1) Where it appears to the proper officer that any tax has not been paid or short paid or erroneously refunded, or where input tax credit has been wrongly availed or utilised, he shall serve notice on the person chargeable with tax which has not been so paid or which has been so short paid or to whom the refund has erroneously been made, or who has wrongly availed or utilized input tax credit, requiring him to show cause as to why he should not pay the amount specified in the notice along with interest payable thereon under section 50 and a penalty leviable under the provisions of this Act or the rules made hereunder:

Provided that no notice shall be issued, if the tax which has not been paid or short paid or erroneously refunded or where input tax credit has been wrongly availed or utilised in a financial year is less than one thousand rupees.

(2) The proper officer shall issue the notice under sub-section (*1*) within 42 (forty-two) months from the due date for furnishing of annual return for the financial year to which the tax not paid or short paid or input tax credit wrongly availed or utilised relates to or within 42 (forty-two) months from the date of erroneous refund.

(3) Where a notice has been issued for any period under sub-section (*1*), the proper officer may serve a statement, containing the details of tax not paid or short paid or erroneously refunded or input tax credit wrongly availed or utilized for such periods other than those covered under sub-section (*1*), on the person chargeable with tax.

(4) The service of such statement shall be deemed to be service of notice on such person under sub-section (*1*), subject to the condition that the grounds relied upon for such tax periods other than those covered under sub-section (*1*) are the same as are mentioned in the earlier notice.

(5) The penalty in case where any tax which has not been paid or short paid or erroneously refunded, or where input tax credit has been wrongly availed or utilised,—

(i) for any reason, other than the reason of fraud or any wilful-misstatement or suppression of facts to evade tax, shall be equivalent to ten per cent of tax due from such person or ten thousand rupees, whichever is higher;

(ii) for the reason of fraud or any wilful-misstatement or suppression of facts to evade tax shall be equivalent to the tax due from such person.

(6) The proper officer shall, after considering the representation, if any, made by the person chargeable with tax, determine the amount of tax, interest and penalty due from such person and issue an order.

(7) The proper officer shall issue the order under sub-section (*6*) within 12 (twelve) months from the date of issuance of notice specified in sub-section (*2*):

Provided that where the proper officer is not able to issue the order within the specified period, the Commissioner, or an officer authorised by the Commissioner senior in rank to the proper officer but not below the rank of Joint Commissioner of State Tax, may, having regard to the reasons for delay in issuance of the order under sub-section

(*6*), to be recorded in writing, before the expiry of the specified period, extend the said period further by a maximum of 6 (six)months.

(8) The person chargeable with tax where any tax has not been paid or short paid or erroneously refunded, or where input tax credit has been wrongly availed or utilised for any reason, other than the reason of fraud or any wilful-misstatement or suppression of facts to evade tax, may,—

(i) before service of notice under sub-section (*1*), pay the amount of tax along with interest payable under section 50 of such tax on the basis of his own ascertainment of such tax or the tax as ascertained by the proper officer and inform the proper officer in writing of such payment, and the proper officer, on receipt of such information shall not serve any notice under sub-section (*1*) or the statement under sub-section (*3*), as the case may be, in respect of the tax so paid or any penalty payable under the provisions of this Act or the rules made thereunder;

(ii) pay the said tax along with interest payable under section 50 within 60 (sixty) days of issue of show cause notice, and on doing so, no penalty shall be payable and all proceedings in respect of the said notice shall be deemed to be concluded.

(9) The person chargeable with tax, where any tax has not been paid or short paid or erroneously refunded or where input tax credit has been wrongly availed or utilised by reason of fraud, or any wilful-misstatement or suppression of facts to evade tax, may,—

(i) before service of notice under sub-section (*1*), pay the amount of tax along with interest payable under section 50 and a penalty equivalent to fifteen per cent of such tax on the basis of his own ascertainment of such tax or the tax as ascertained by the proper officer and inform the proper officer in writing of such payment, and the proper officer, on receipt of such information, shall not serve any notice under sub-section (*1*), in respect of the tax so paid or any penalty payable under the provisions of this Act or the rules made thereunder;

(ii) pay the said tax along with interest payable under section 50 and a penalty equivalent to twenty-five per cent of such tax within 60 (sixty) days of issue of the notice, and on doing so, all proceedings in respect of the said notice shall be deemed to be concluded;

(iii) pay the tax along with interest payable thereon under section 50 and a penalty equivalent to 50 per cent of such tax within 60 (sixty) days of communication of the

order, and on doing so, all proceedings in respect of the said notice shall be deemed to be concluded.

(10) Where the proper officer is of the opinion that the amount paid under clause (*i*) of sub-section (*8*) or clause (*i*) of sub-section (*9*) falls short of the amount actually payable, he shall proceed to issue the notice as provided for in sub-section (*1*) in respect of such amount which falls short of the amount actually payable.

(11) Notwithstanding anything contained in clause(*i*) or clause (*ii*) of sub-section (*8*), penalty under clause (*i*) of sub-section (*5*) shall be payable where any amount of self-assessed tax or any amount collected as tax has not been paid within a period of 30 (thirty) days from the due date of payment of such tax.

(12) The provisions of this section shall be applicable for determination of tax pertaining to the Financial Year 2024-25 onwards.

Explanation **1.**—For the purposes of this section,—

(i) the expression "all proceedings in respect of the said notice" shall not include proceedings under section 132;

(ii) where the notice under the same proceedings is issued to the main person liable to pay tax and some other persons, and such proceedings against the main person have been concluded under this section, the proceedings against all the persons liable to pay penalty under sections 122 and 125 are deemed to be concluded.

Explanation 2.— For the purposes of this Act, the expression "suppression" shall mean non-declaration of facts or information which a taxable person is required to declare in the return, statement, report or any other document furnished under this Act or the rules made thereunder, or failure to furnish any information on being asked for, in writing, by the proper officer."

Amendment of section 75.

29. In section 75 of the Principal Act,–

(a) in sub-section (1), after the word and figures "section 74", the words, brackets, figures and letter "or sub-sections (2) and (7) of section 74A," shall be inserted;

(b) after sub-section (2), the following sub-section shall be inserted, namely:–

"(2A) Where any Appellate Authority or Appellate Tribunal or Court concludes that the penalty under clause (*ii*) of sub-section (5) of section 74A is not sustainable for there as on that the charges of fraud or any willful-misstatement or suppression of facts to evade tax has not been established against the person

to whom the notice was issued, the penalty shall be payable by such person, under clause (*i*) of sub-section (5) of section 74A.";

(c) for sub-section (10), the following sub-section shall be substituted, namely:–

(10) The adjudication proceedings shall be deemed to be concluded, if the order is not issued within the period specified in sub-section (10) of section 73 or in sub-section (10) of section 74 or in sub-section (7) of section 74A.";

(d) in sub-section (11), after the word and figures "section 74", the words, brackets, figures and letter "or sub-section (7) of section 74A" shall be inserted;

(e) in sub-section (12), after the words and figures "section 73 or section 74", the words, figures and letter "or section 74A" shall be inserted;

(f) in sub-section (13), after the words and figures "section 73 or section 74", the words, figures and letter "or section 74A" shall be inserted.

Amendment of section 104.

30. In section 104 of the Principal Act, in sub-section(1), in the Explanation, after the word and figures "section 74", the words, brackets, figures and letter "or sub-sections (2) and (7) of section 74A," shall be inserted.

Amendment of section 107.

31. In section 107 of the Principal Act,—

(a) in sub-section (6), in clause (b), for the words "twenty-five", the word "twenty" shall be substituted;

(b) in sub-section (11), in the second proviso, after the words and figures "section 73 or section 74", the words, figures and letter "or section 74A" shall be inserted.

Amendment of section 109.

32. In section 109 of the Principal Act, in sub-section (1), after the words "Revisional Authority", the words, "or for conducting an examination or adjudicating the cases referred to in sub-section (2) of section 171, if so notified under the said section" shall be inserted.

Amendment of section 112.

33. In section 112 of the Principal Act,

(a) with effect from the 1st day of August, 2024, in sub-section (*1*), after the words "from the date on which the order sought to be appealed against is communicated to the person preferring the appeal", the words "or the date, as may be notified by the Government, on the recommendations of the Council, for filing appeal before the Appellate Tribunal under this Act, whichever is later" shall be inserted;

(b) with effect from the 1st day of August, 2024, in sub-section (*3*), after the words "from the date on which the said order has been passed", the words "or the date, as may be

notified by the Government, on the recommendations of the Council, for the purpose of filing application before the Appellate Tribunal under this Act, whichever is later," shall be inserted;

(c) In sub-section (*6*), after the words, brackets and figure "after the expiry of the period referred to in sub-section (*1*)", the words, brackets and figure "or permit the filing of an application within 3 (three) months after the expiry of the period referred to in sub-section (*3*)" shall be inserted;

(d) in sub-section (*8*),in clause (*b*),—

(i) for the words "twenty per cent.", the words "ten per cent." shall be substituted;

(ii) for the words "fifty crore rupees", the words "twenty crore rupees" shall be substituted.

Amendment of section 122.

34. In section 122 of the Principal Act, with effect from the 1st day of October, 2023, in sub-section (*1B*), for the words "Any electronic commerce operator who", the words and figures "Any electronic commerce operator, who is liable to collect tax at source under section 52," shall be substituted.

Insertion of new section 122A.

35. After section 122 of the Principal Act, the following section shall be inserted, namely:-

"Penalty for failure to register certain machines used in manufacture of goods as per special procedure.

122A.Penalty for failure to register certain machines used in manufacture of goods as per special procedure.

(1) Notwithstanding anything contained in this Act, where any persons, who is engaged in the manufacture of goods in respect of which any special procedure relating to registration of machines has been notified under section 148, acts in contravention of the said special procedure, he shall, in addition to any penalty that is paid or is payable by him under Chapter XV or any other provisions of this Chapter, be liable to pay a penalty equal to an amount of one lakh rupees for every machine not so registered.

(2) In addition to the penalty under sub-section (1), every machine not so registered shall be liable for seizure and confiscation:

Provided that such machine shall not be confiscated where,

(a) the penalty so imposed is paid; and

(b) the registration of such machine is made in accordance with the special procedure within three days of the receipt of communication of order of penalty."

Amendment of section 127.

36. In section 127 of the Principal Act, after the words and figures "section 73 or section 74", the words, figures and letter "or section 74A" shall be inserted.

Insertion of new section 128A.

37. After section 128 of the Principal Act, the following section shall be inserted, namely:—

"128A. Interest or penalty or both relating to demands raised under section 73, for certain tax periods.

(1) Notwithstanding anything to the contrary contained in this Act, where any amount of tax is payable by a person chargeable with tax in accordance with,—

(a) a notice issued under sub-section (*1*) of section 73 or a statement issued under sub-section (*3*) of section 73, and where no order under sub-section (*9*) of section 73 has been issued; or

(b) an order passed under sub-section (*9*) of section 73, and where no order under sub-section (*11*) of section 107 or sub-section (*1*) of section 108 has been passed; or

(c) an order passed under sub-section (*11*) of section 107 or sub-section (*1*) of section 108, and where no order under sub-section (*1*) of section 113 has been passed, pertaining to the period from 1st July, 2017 to 31st March, 2020, or a part thereof, and the said person pays the full amount of tax payable as per the notice or statement or the order referred to in clause (*a*), clause (*b*) or clause (*c*), as the case may be, on or before the date, as may be notified by the Government on the recommendations of the Council, no interest under section 50 and penalty under this Act, shall be payable and all the proceedings in respect of the said notice or order or statement, as the case may be, shall be deemed to be concluded, subject to such conditions as may be prescribed:

Provided that where a notice has been issued under sub-section (*1*) of section 74, and an order is passed or required to be passed by the proper officer in pursuance of the direction of the Appellate Authority or Appellate Tribunal or a Court in accordance with the provisions of sub-section (*2*) of section 75, the said notice or order shall be considered to be a notice or order, as the case may be, referred to in clause (*a*) or clause (*b*) of this sub-section:

Provided further that the conclusion of the proceedings under this sub-section, in cases where an application is filed under sub-section (*3*) of section 107 or under sub-section (*3*) of section 112 or an appeal is filed by an officer of State tax under sub-section (*1*) of section 117 or under sub-section (*1*) of section 118 or where any proceedings are initiated under sub-section (*1*) of section 108, against an order

referred to in clause (*b*) or clause (*c*) or against the directions of the Appellate Authority or the Appellate Tribunal or the Court referred to in the first proviso, shall be subject to the condition that the said person pays the additional amount of tax payable, if any, in accordance with the order of the Appellate Authority or the Appellate Tribunal or the Court or the Revisional Authority, as the case may be, within 3 (three) months from the date of the said order:

Provided also that where such interest and penalty has already been paid, no refund of the same shall be available.

(2) Nothing contained in sub-section (*1*) shall be applicable in respect of any amount pay able by the person on account of erroneous refund.

(3) Nothing contained in sub-section (*1*) shall be applicable in respect of cases where an appeal or writ petition filed by the said person is pending before Appellate Authority or Appellate Tribunal or a Court, as the case may be, and has not been withdrawn by the said person on or before the date notified under sub-section (*1*).

(4) Notwithstanding anything contained in this Act, where any amount specified under sub-section (*1*) has been paid and the proceedings are deemed to be concluded under the said sub-section, no appeal under sub-section (*1*) of section 107 or sub-section (*1*) of section 112 shall lie against an order referred to in clause (*b*) or clause (*c*) of sub-section (*1*), as the case may be."

Amendment of section 140.

38. In section 140 of the Principal Act, with effect from the 1st day of July, 2017,—

(a) in sub-section (7), for the words "credit under this Act even if", the words "credit under this Act, within such time and in such manner as may be prescribed, whether the invoices relating to such services are received prior to, on or after, the appointed day." shall be substituted and shall be deemed to have been substituted;

(b) in sub-section (8), for the words "in such manner", the words "within such time and in such manner" shall be substituted and shall be deemed to have been substituted;

(c) in sub-section (9), for the words "credit can be reclaimed subject to", the words "credit can be reclaimed within such time and in such manner as may be prescribed, subject to" shall be substituted and shall be deemed to have been substituted.

Amendment of section 171.

39. In section 171 of the Principal Act, in sub-section (*2*), the following proviso and *Explanation* shall be inserted, namely:

"Provided that the Government may by notification, on the recommendations of the Council, specify the date from which the said Authority shall not accept any request for examination as to whether input tax credits availed by any registered person or the reduction in the Tax rate have actually resulted in a commensurate reduction in the price of the goods or services or both supplied by him.

Explanation 1.– For the purposes of this sub-section, "request for examination" shall mean the written application filed by an applicant requesting for examination as to whether input tax credits availed by any registered person or the reduction in the tax rate have actually resulted in a commensurate reduction in the price of the goods or services or both supplied by him.';

Explanation 2.– For the purposes of this section, the expression "Authority" shall include the "Appellate Tribunal."

Amendment of Schedule III.

40. In the Principal Act, in Schedule III, after paragraph 8 and before *Explanation* 1, the following paragraphs shall be inserted, namely:–

"9. Activity of apportionment of co-insurance premium by the lead insurer to the co-insurer for the insurance services jointly supplied by the lead insurer and the co-insurer to the insured in co-insurance agreements, subject to the condition that the lead insurer pays the Central tax, the State tax, the Union Territory tax and the Integrated tax on the entire amount of premium paid by the insured.

10. Services by insurer to the reinsurer for which ceding commission or the reinsurance commission is deducted from reinsurance premium paid by the insurer to the reinsurer, subject to the condition that the Central tax, the State tax, the Union Territory tax and the Integrated tax is paid by the reinsurer on the gross reinsurance premium payable by the insurer to the reinsurer, inclusive of the said ceding commission or the reinsurance commission."

No refund of tax paid or input tax credit reversed.

41. No refund shall be made of all the tax paid or the input tax credit reversed, which would not have been so paid, or not reversed, had section 118 been in force at all material times.

SURAJ CHETTRI (SSJS)
L.R.-cum- SECRETARY
LAW & PARLIAMENTARY AFFAIRS DEPARTMENT